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Worry Over Illegal Arms Exports Growing Among U.S. Prosecutors

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CHINA LAKE, Calif., July 8 — Federal investigators and prosecutors say they are increasingly concerned about the extensive illegal exporting of arms and sophisticated technology from the United States to countries such as Libya and the Soviet Union.

As examples of what they view as a serious and growing national security problem, the law-enforcement officials cite the theft of military equipment from the Naval Weapons Center here and the involvement of former weapons specialists at the center in training Libyan terrorists.

Neither case has been resolved. The investigators and prosecutors involved in the China Lake cases say that it is evident from these and similar cases that senior American officials are neither fully aware of the severity of the problem of illegal arms exports nor prepared to take sufficient steps to deal with it.

In response, senior officials of the Justice, State, Commerce and Treasury Departments say they realize there is a problem of illegal exports and concede that the Government has been slow to mobilize efforts against it. They place the blame on Federal bureaucratic inertia.

There have been allegations in legal proceedings that the Central Intelligence Agency is behind some of the illegal activity connected with the China Lake cases, supposedly to exchange American military hardware for sophisticated Soviet radar equipment, but the agency denies it. Federal prosecutors say they are generally satisfied with the denial, although some say they are not entirely convinced by it.

The first incident at the Naval Weapons Center, an installation in the barren reaches of the Mojave Desert that conducts highly classified research in explosives and electronic warfare, occurred in September 1979, when officials here discovered that 10 Starlight infrared nightscopes, a low-light television camera and a small remote-control helicopter were missing. The Federal Bureau of Investigation was called in, and its agents were told by some suspect employees that they had stolen the goods as part of a C.I.A.-sanctioned plot, to obtain Soviet radar equipment for study.

Later, there was a chain of arrests and indictments in Philadelphia and Lexington, Ky., involving the illegal possession of weapons and further talk about arms deals in Libya involving Soviet electronic equipment.

Then, last December, officials said they learned that two other civilian employees of the center, while on leave in 1976 and 1977, apparently traveled to Libya, where they served as instructors in handling explosives at a camp for training terrorists set up by Edwin C. Wilson and Francis E. Terpil, two former C.I.A. agents. Mr. Terpil and Mr. Wilson are now under indictment for conspiring to transport explosives illegally to Libya.

Despite the intersections between the two cases, including the fact that they both involved employees at the Naval Weapons Center, the Justice Department has not coordinated investigations. When the first case started to spread to disparate jurisdictions around the nation, officials in the department's criminal division rejected a request by the United States Attorney in Philadelphia that the investigations there and in Lexington and California be handled by an interagency investigative force.

'Fumbling Around the Country'

"We banged our head against the wall for months trying to get some coordination," said Roberto Rivera-Soto, a former Assistant United States Attorney in Philadelphia now in private practice. "Some kind of task force should have been organized. Instead, we had a bunch of assistant United States attorneys fumbling around the country because they didn't know what each other was doing."

One result of the lack of coordination, officials said, was a 19-month gap between the discovery of the theft of hardware at China Lake and indictments in the case by a grand jury in Fresno, Calif. As a result, officials said, a trial is to begin next month on the charges in the first of the complex sequence of events, long after cases involving later phases of the sequence were tried. That reverse sequence, officials said, has hampered prosecution efforts.

Senior officials in the Justice Department acknowledged that they had declined requests to coordinate the various investigations. They said that the flow of investigative information between agencies and prosecutors was satisfactory.

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optics and weapons technology to the Soviet Union, a number that investigators said was probably a fraction of the actual total.

Officials said that illegal weapons and technology export could take several forms. In some cases, legitimate export licenses are obtained from the Government under the pretext that the goods are being shipped to a Western European nation; they are subsequently transshipped from Western Europe to the Soviet Union. In other cases, fraudulent export licenses are obtained by bribing Government officials. Several cases of both types have been prosecuted, with several convictions.

Matthew T. Crosson, deputy chief of the fraud bureau in the Manhattan District Attorney's office said an investigation into gun smuggling by Frank Terpil in 1979 found evidence of widespread illegal arms shipments to Libya via Portugal.

Mr. Terpil and Mr. Wilson face Federal charges of shipping large amounts of explosives to Libya as part of a plan to train Libyans in terrorist techniques. Mr. Wilson, Mr. Terpil and Jerome S. Brower, a California explosives manufacturer said to have participated in the plan, were indicted in Washington in April 1980.

Mr. Brower pleaded guilty earlier this year to one count of illegally shipping explosives. Mr. Wilson and Mr. Terpil are living abroad and have not been apprehended.

The certain connection of one of the China Lake cases to the Wilson-Terpil operation and suspicions, so far unprov-

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